



February 13, 2025 - A-194 Update to BC FIRB on BC Chicken COP phase-in

BC Chicken Live Price Formula

On [October 30, 2023](#), the BC Chicken Board submitted a proposal for a new formula for determining the live price of chicken. This proposal was subsequently approved by the BC Farm Industry Review Board on [May 22, 2024](#). The newly adopted pricing formula is based on a cost of production (COP) model designed for the efficient grower. To ensure a smooth transition, the implementation of this new COP pricing model will be phased in over six production periods (48 weeks). This phased approach will gradually close the gap between the previous interim formula and the new COP model. The below information intends to show the components of the COP, the interim formula, and the 6-period transition until 100% of COP is reached in A-195.

Timeline

| Period | Period Start Date | Phase in Status | Industry Communication |
|--------|-------------------|---|---|
| A-190 | 30-Jun-24 | Phase in 1 at 16.67% of difference between Interim Pricing Formula and New BC COP formula | Board reviews and sets price June 27, 2024; Pricing order sent to PPAC & Industry June 28, 2024 |
| A-191 | 25-Aug-24 | Phase in 2 at 33.33% of difference between Interim Pricing Formula and New BC COP formula | Board reviews and sets price August 22, 2024; Pricing order sent to PPAC & Industry August 23, 2024 |
| A-192 | 20-Oct-24 | Phase in 3 at 50% of difference between Interim Pricing Formula and New BC COP formula | Board reviews and sets price October 17, 2024; Pricing order sent to PPAC & Industry October 18, 2024 |
| A-193 | 15-Dec-24 | Phase in 4 at 66.67% of difference between Interim Pricing Formula and New BC COP formula | Board reviews and sets price December 12, 2024; Pricing order sent to PPAC & Industry December 13, 2024 |
| A-194 | 9-Feb-25 | Phase in 5 at 83.33% of difference between Interim Pricing Formula and New BC COP formula | Board reviews and sets price February 6, 2025; Pricing order sent to PPAC & Industry February 7, 2025 |
| A-195 | 6-Apr-25 | Phase in 6 at 100% of New BC COP formula | Board reviews and sets price date TBD; Pricing order sent to PPAC & Industry by April 4, 2025 |



1. The new Formula for the COP is as follows:

$$(a) \text{ Operating Costs} + (b) \text{ Labour} + (c) \text{ Capital Costs} = \text{COP}$$

The COP below has been used to establish the minimum live price for period A-194, prior to the phase in process.

“NEW” BC COP Formula

| BC Broiler COP - \$ per Kg | A189 | A190 | A191 | A192 | A193 | A194 | A195 | A193 - Corrected |
|--|---------------|---------------|---------------|---------------|---------------|---------------|------|------------------|
| A) Operating Costs | | | | | | | | |
| Chicks | 0.4709 | 0.4670 | 0.4696 | 0.4779 | 0.4922 | 0.4917 | | 0.4922 |
| Day-old Chick Cost | 0.4545 | 0.4506 | 0.4532 | 0.4615 | 0.4759 | 0.4754 | | 0.4759 |
| Vaccine Cost | 0.0163 | 0.0163 | 0.0163 | 0.0163 | 0.0163 | 0.0163 | | 0.0163 |
| Feed | 1.1510 | 1.1105 | 1.1047 | 1.0941 | 1.0913 | 1.0393 | | 1.0913 |
| Utilities | 0.0788 | 0.0835 | 0.0779 | 0.0769 | 0.0752 | 0.0751 | | 0.0752 |
| Vehicle & Equipment Operation (Fuel & Oil) | 0.0092 | 0.0092 | 0.0093 | 0.0093 | 0.0093 | 0.0093 | | 0.0093 |
| Repairs & Maintenance | 0.0476 | 0.0484 | 0.0489 | 0.0489 | 0.0489 | 0.0489 | | 0.0489 |
| Bedding | 0.0225 | 0.0226 | 0.0229 | 0.0228 | 0.0228 | 0.0228 | | 0.0228 |
| Administrative & Office Costs | 0.0127 | 0.0128 | 0.0129 | 0.0129 | 0.0129 | 0.0129 | | 0.0129 |
| Insurance | 0.0179 | 0.0180 | 0.0182 | 0.0182 | 0.0182 | 0.0182 | | 0.0182 |
| Other Custom Costs | 0.0061 | 0.0062 | 0.0062 | 0.0062 | 0.0062 | 0.0062 | | 0.0062 |
| Custom Catching | 0.0485 | 0.0485 | 0.0485 | 0.0500 | 0.0500 | 0.0500 | | 0.0500 |
| Cleaning/Washing | 0.0095 | 0.0096 | 0.0097 | 0.0097 | 0.0097 | 0.0097 | | 0.0097 |
| Board Levy | 0.0206 | 0.0206 | 0.0206 | 0.0206 | 0.0206 | 0.0206 | | 0.0206 |
| MD Lease Costs | 0.0016 | 0.0016 | 0.0016 | 0.0016 | 0.0016 | 0.0016 | | 0.0016 |
| Operating Costs (With Levies & With MD Lease Costs) | 1.8969 | 1.8584 | 1.8510 | 1.8491 | 1.8590 | 1.8084 | | 1.8590 |
| B) Labour | | | | | | | | |
| General Labour | 0.0835 | 0.0839 | 0.0845 | 0.0856 | 0.0859 | 0.0806 | | 0.0859 |
| Management | 0.0495 | 0.0498 | 0.0514 | 0.0521 | 0.0522 | 0.0450 | | 0.0522 |
| Labour Costs | 0.1329 | 0.1337 | 0.1359 | 0.1377 | 0.1381 | 0.1256 | | 0.1381 |
| C) Capital Costs | | | | | | | | |
| Depreciation & Amortization | 0.1068 | 0.1084 | 0.1096 | 0.1096 | 0.1096 | 0.1096 | | 0.1096 |
| Depreciation - Barns & Associated Equipment | 0.0823 | 0.0835 | 0.0844 | 0.0844 | 0.0844 | 0.0844 | | 0.0844 |
| Depreciation - Other | 0.0245 | 0.0249 | 0.0252 | 0.0252 | 0.0252 | 0.0252 | | 0.0252 |
| Investment Cost | 0.2035 | 0.2066 | 0.2113 | 0.2099 | 0.2098 | 0.1926 | | 0.2098 |
| Investment Cost - Land | 0.0051 | 0.0051 | 0.0051 | 0.0050 | 0.0050 | 0.0046 | | 0.0050 |
| Investment Cost - Barns & Associated Equipment | 0.1682 | 0.1707 | 0.1755 | 0.1747 | 0.1746 | 0.1603 | | 0.1746 |
| Investment Cost - Other | 0.0302 | 0.0307 | 0.0307 | 0.0302 | 0.0302 | 0.0277 | | 0.0302 |
| Operating Interest | 0.0265 | 0.0251 | 0.0241 | 0.0231 | 0.0000 | 0.0191 | | 0.0215 |
| Taxes | 0.0061 | 0.0061 | 0.0062 | 0.0062 | 0.0062 | 0.0062 | | 0.0062 |
| Capital Costs | 0.3429 | 0.3461 | 0.3512 | 0.3488 | 0.3255 | 0.3274 | | 0.3470 |
| Total Cost of Production | 2.3727 | 2.3382 | 2.3380 | 2.3355 | 2.3228 | 2.2594 | | 2.3441 |

Some important highlights of A-194 COP pricing changes:

- The annual volume adjustment was implemented in A-194, representing an increase in total mainstream broiler production (kg) of approximately 8.35% (excluding the decrease to Market Development) between the 2021 survey period and 2024 update.
- The annual Feed Conversion Rate (FCR) update was implemented in A-194 which resulted in a change from 1.59 (2021) to 1.536 (2024).
- Drop in Feed Cost represent a decrease in the COP of \$0.1117/kg since A-189, notably due to decreasing feed costs the past year & updating the Feed Conversion Rate (FCR) in A-194.
- Labour cost has decreased \$0.0073/kg since A-189, notably due to an annual volume adjustment from 2021 survey data to updated 2024 data.
- An error was realised after the A-193 Pricing Order was released where Operating Interest was set at \$0.00 instead of \$0.0215 in the BC COP. Due to the phase-in, this represents \$0.0143/kg that was not captured in the A-193 Live price and *has been added onto the A-194 Live price*. The deliberation and final resolution to add this cost to the A-194 Live Price rather than A-193 was done after receiving and consulting with the PPPABC. The \$0.0143/kg will not be part of the A-195 live price order.



2. The table below will illustrate the phased-in process identified in the May 22, 2024, BCFIRB decision.

| Phase in Periods | Reference | 1 | 2 | 3 | 4 | 5 | 6 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------|
| Period | A-189 | A-190 | A-191 | A-192 | A-193 | A-194 | A-195 |
| COP based live price formula - includes catching | \$2.3727 | \$2.3382 | \$2.3380 | \$2.3355 | \$2.3226 | \$2.2594 | |
| Previous Interim Formula - includes catching (par) | \$2.1704 | \$2.1678 | \$2.1805 | \$2.1722 | \$2.1636 | \$2.1758 | |
| Net Change to Formula Price | \$0.2023 | \$0.1704 | \$0.1575 | \$0.1633 | \$0.1590 | \$0.0836 | |
| Phase in % of difference | 0.00% | 16.67% | 33.33% | 50.00% | 66.67% | 83.33% | 100.00% |
| \$/kg phased in | \$0.0000 | \$0.0284 | \$0.0525 | \$0.0817 | \$0.1060 | \$0.0697 | |
| Calculated Live Price | | | | | | \$2.2455 | |
| Correction | | | | | | \$0.0143 | |
| Final Posted Live Price (includes catching) | \$2.1704 | \$2.1962 | \$2.2330 | \$2.2539 | \$2.2696 | \$2.2598 | |
| CHANGE FROM PREVIOUS PERIOD | -\$0.0369 | \$0.0258 | \$0.0368 | \$0.0208 | \$0.0157 | -\$0.0098 | |

Due to an error in the posted Live Price of A-193, there is a correction of \$0.0143 that is added into the Live Price of A-194. The table below illustrates where the value of this correction comes from.

| A-193 Live Price Correction | | |
|---|-----------------|-----------------|
| | Posted | Correction |
| COP based live price formula - includes catching | \$2.3226 | \$2.3441 |
| Previous Interim Formula - includes catching (par) | \$2.1636 | \$2.1636 |
| Net Change to Formula Price | \$0.1590 | \$0.1805 |
| Phase in % of difference | 66.67% | 66.67% |
| \$/kg phased in | \$0.1060 | \$0.1203 |
| Final Live Price | \$2.2696 | \$2.2839 |
| Change from Posted Live Price to Corrected Live Price | | -\$0.0143 |

3. Previous “Interim” Pricing formula:

Below is the “old” 75% formula (including all FIRB ordered amendments) which will be used for the BCFIRB ordered graduated implementation for periods A-190 to A-195 inclusive:

- The Ontario live price at their 2.15 – 2.45 kilogram weight category, **Plus**,
- The current BC catching cost of \$0.0500 per kilogram, **Plus**,
- 75% of the difference in the cost of feed and chicks per kilogram, **Plus**



- The addition of a trigger mechanism to determine when 50% of the current formula costs exceeding the upper guardrail is appropriate to include in the interim pricing formula to account for the wheat-corn gap. The trigger will be a cost gap of \$115.23 between Ontario and BC feed costs per tonne. If the trigger threshold is not met, no adjustment will be made to the live price. If the trigger threshold is met, provisions to cover 50% of the formula costs exceeding the upper guardrail will be made.
- If the above trigger mechanism is met, a provision to cover 50% of the current formula costs exceeding the upper guardrail after adjustment for the cumulative increase or decrease in Ontario grower margins arising from changes to the Ontario Cost of Production formula (COPF) starting in A-181. If the resulting number is negative, no adjustment will be made to the live weight price. (The upper guardrail is currently set at 13.84 cents/kg and the lower guardrail at 11.05 cents/kg due to the increase in the catching costs).

The numbers indicated by the formula to calculate the A-194 minimum live price using the old interim pricing methodology:

| | | |
|---|-----------------|-----|
| Ontario price (2.15 - 2.45 category) | \$2.0120 | |
| Minus CFO modular loading recovery | \$0.0000 | |
| Minus CFO AI Insurance recovery | \$0.0015 | |
| Minus OBHECC chick levy | \$0.0006 | |
| Net Ontario Price (2.15 - 2.45 category) | \$2.0099 | = A |
| Plus BC catching price | \$0.0500 | |
| Plus 75% feed and chick differential | \$0.2533 | |
| Total differential over Ontario | \$0.3033 | |
| BCCMB Pricing Formula - Upper Guardrail value of | \$0.1384 | |
| Total differential over Ontario | \$0.3033 | |
| Total differential over Ontario GREATER THAN Upper Guardrail - use Upper Guardrail | \$0.1384 | = B |
| Differential over upper guardrail = (Total differential over Ontario - Upper Guardrail) | \$0.1649 | |
| A-194 Floating Guardrail Mechanism Triggered (Yes or No) | Yes | |
| Ontario Producer Margin Period A-180 | \$0.6384 | |
| Ontario Producer Margin Period A-194 | \$0.7482 | |
| Change to Ontario's Producer Margin (If Positive used in Formula) | \$0.1098 | |
| BCFIRB December 13, 2022 Prior Approval A-180 Interim Pricing Formula: = (Differential over upper guardrail minus change in Ont producer Margin) | \$0.055 | |
| Plus 50% of Differential over Upper Guardrail = | \$0.0275 | = C |

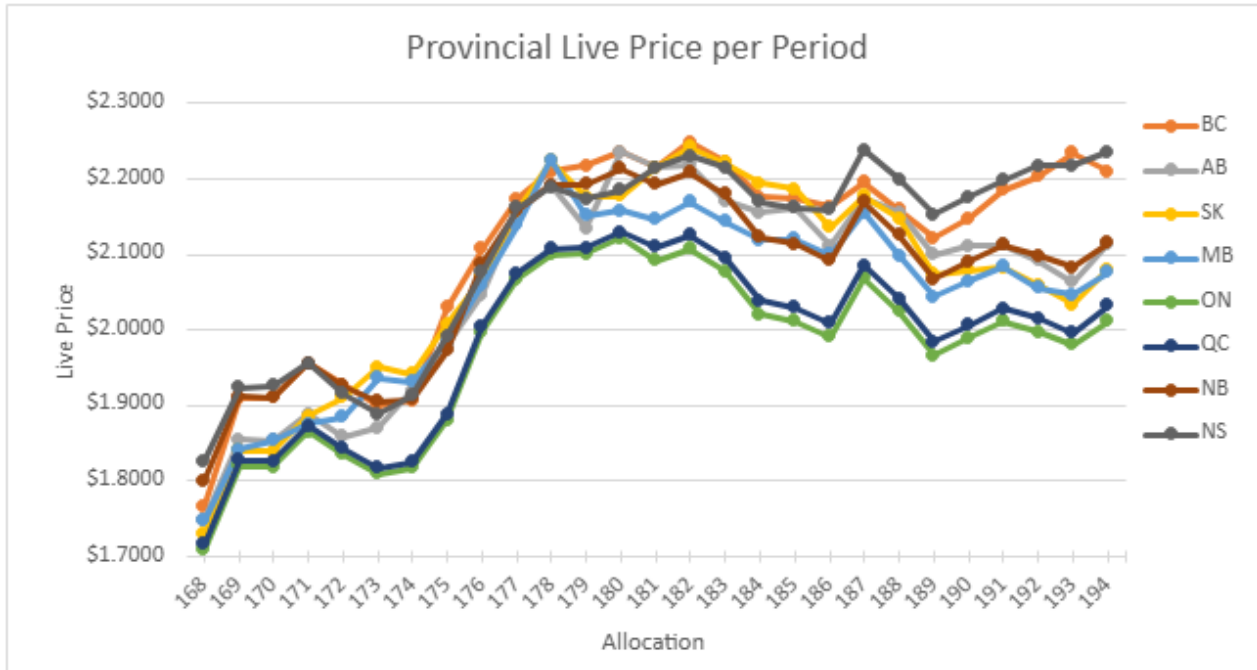
$$\text{A-194 BC Posted Price} = \$2.0099 + \$0.1384 + \$0.0275 = \$2.1758$$

A B C

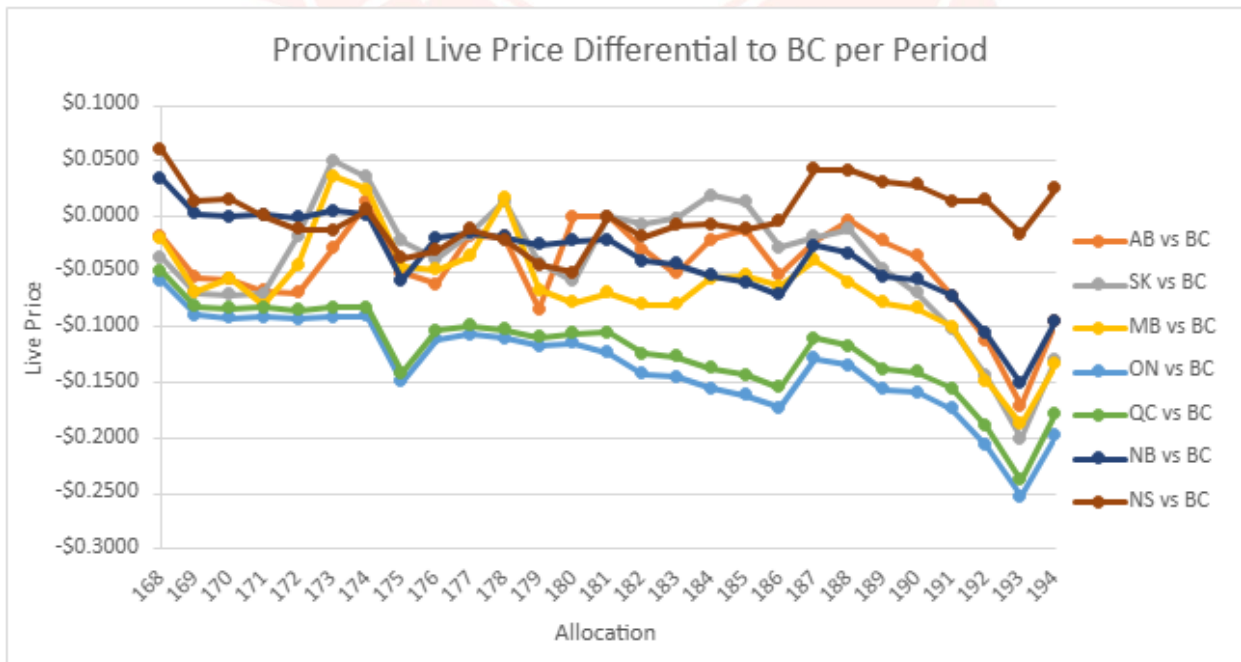


Provincial farmgate Chicken live price comparison across Canada

The below graphs will compare the posted live prices across Canada as they compare to BC. The graphs below reflect the posted pricing order.



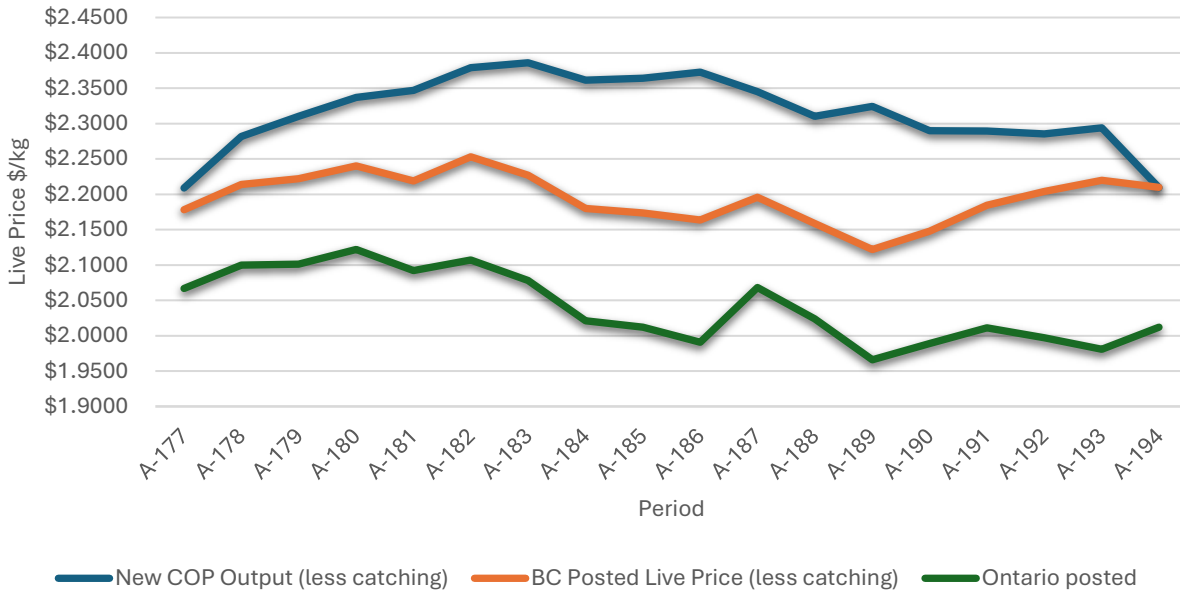
The above graph shows the provincial live prices across Canada (less catching) from the last 26 periods (A-168 to A-194).



The above graph shows the differential in live price (less catching) with each province versus BC where \$0.00 would be an equal live price to BC.

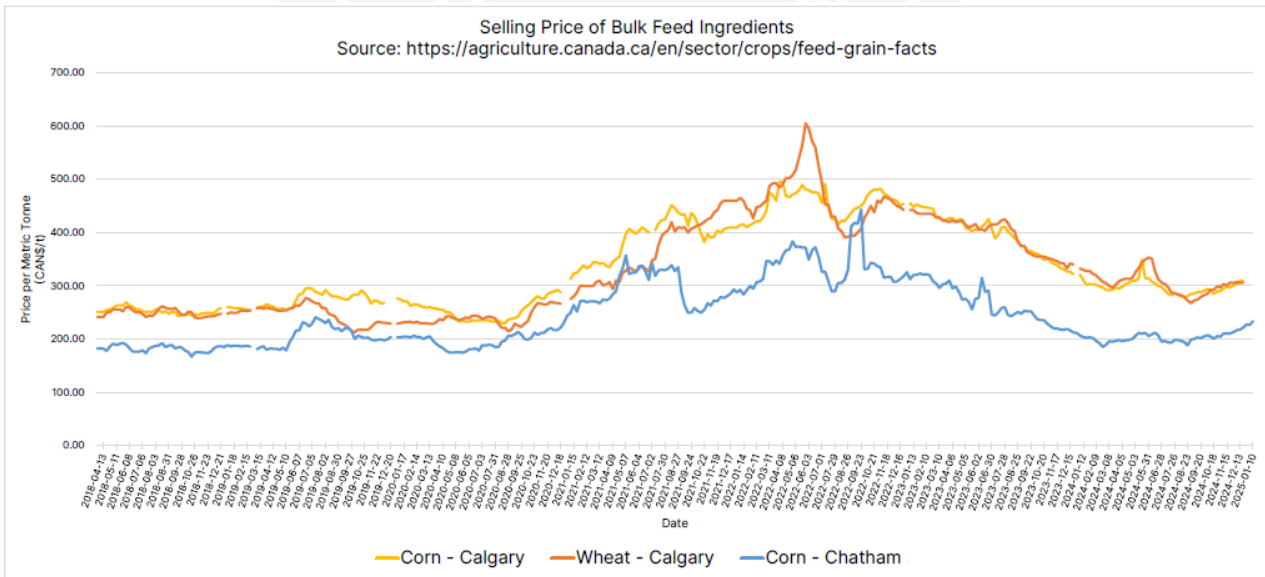


Comparison of BC Posted Live Price vs New BC COP vs Ontario Posted Live Price



The above graph shows the comparison between the new COP live price (effective A-195), the actual posted price in BC (COP phase in begins in A-190), and the posted price in Ontario. Of note, in A-187 Chicken Farmers of Ontario updated their COP through a negotiated agreement and further updated their producer margin portion of their COP by \$0.0428 effective A-194. As seen above, the differential to Ontario was significantly shrunk in A-194.

Feed Corn & Wheat, Central Canada vs. Western Canada Comparison



The above graph shows the changes in feed corn and wheat, comparing Calgary, Alberta to Chatham, Ontario. While not a direct correlation to the landed feed cost on BC farms, it does help



us see the change in historical trends to a wider gap between the landed feed costs. Notably, as of late it shows a more historical ‘normal’ gap but increasing costs once again.

Other progress & Updates

Status of JWG & Ongoing Consultation

The Board emphasizes the importance of direct engagement with key stakeholders via the Joint Working Group (JWG) to address issues related to pricing and implementation. The JWG serves as a platform for stakeholders to discuss the impact of COP on their businesses and provide data for recommendations to the Board.

A JWG meeting took place on January 7, 2025. Growers, hatcheries, and the BC Broiler Hatching Egg Commission were represented, and the Board members observed. Processors declined to attend, although one processor representative did attend as an observer. The purpose of the meeting was to discuss the draft results of the Feed Conversion Rate (FCR) and mortality survey that was done this Fall.

The JWG did reach consensus to update the FCR (from 1.59 to 1.536) effective A-194. Although final 2024 volumes (kg produced) were not yet finalised, the JWG also reached consensus to update the volume effective A-194. These items were committed to by the Board to be updated annually within the first quarter of the year.

Although the PPPABC had expressed they would not be attending the JWG, the PPPABC and the BCCMB met separately later in the day on January 7, 2025, for further discussions on FCR and Removal of Catching from the Live price.

Removal of Catching from the Live Price

The Board met with PPPABC on January 7, 2025 to further discuss a proposal provided by the PPPABC on Removal of Catching from the Live Price. The meeting had productive dialogue, and the Board is encouraged by PPPABC’s willingness to meet and communicate. Ultimately, the Board could not agree to the proposal at this time. The Board made the decision to request that BC FIRB release their decision but that regardless of the BCFIRB decision, the PPAC would convene a meeting in short order to further discuss the proposal with growers. Following the minutes and recommendations from PPAC meeting, the Board would review the request again. On January 10, 2025 the BCFIRB released it’s decision denying prior approval to remove catching from the live price in A-194.

Of note, the cost of catching will no longer be part of the Manitoba or Alberta live price effective A-194, and Saskatchewan is set to follow suit in A-195. Each of the three provinces have signed and negotiated MOU agreements. This will leave BC as the only province in the country to include the cost of catching in our live price.

Allocation & Supply

The “Discrete Supply to Ontario Agreement”, as well as the “Atlantic Canada Safeguard Agreement” ended in A-192, although some kilograms were still carried over into A-193 to finish and conclude those agreements. These kilograms now form part of BC allocation moving forward.



As previously reported, the Board was informed on August 6, 2024, that the PPPABC would no longer participate in consultation for national allocations with the BC Board. Despite this, the Chicken Board has continued to reach out, offering opportunities for input on all allocation periods through virtual or in-person meetings, written communication, and data sharing. The PPPABC has had limited response and has not shared any further data. Processors are no longer engaging in allocation discussions with Alberta and Saskatchewan as well. The Board remains open to exchanging data to support informed decision-making and intend to continue to share our analysis and allocation submissions.

The Board fulsomely scrutinizes the allocation materials provided by CPEP Primary Processors, Further Processors, as well as Restaurants Canada for transparent and verifiable data to indicate trends in Canadian chicken demand.

We reinforce that the setting of National allocation at the CFC table is not the appropriate forum for discussions and debates regarding the BC live price.

Live price differentials to Ontario

The Board had an expectation that the annual adjustments committed to (FCR, Mortality, Volume) in the October 30, 2023 submission to BC FIRB would provide downward pressure on the COP in the first quarter of 2025. The Board expedited collection of this data in order to update as soon as possible and were pleased to include the update in the A-194 Live price order. These impacts materialised as expected and are primarily responsible for the \$0.0847/kg decrease to the published COP price between A-193 and A-194. The result of the annual updates, the correction from A-193, and the phase in timeline resulted in a net change of \$0.0098/kg decrease to the live price in A-194.

Similarly, the Chicken Farmers of Ontario performed an annual update to their own COP. The update to the CFO COP resulted in an increase to labour of \$0.0071/kg, an increase to capital cost of \$0.0234/kg, and an increase to operating cost of \$0.0123/kg for a total increase to their producer margin of \$0.0428. It is noted that the modular loading cost of \$0.0050 has ended and was removed for A-194.

In A-194, the BC live price (and the BC COP) decreased, while the Ontario COP increased, resulting in a closure of the pricing differential between the two provinces as compared to the previous two periods. From A-189 to A-194, the BC live price increased by \$0.0897 through the phase-in (so far). When factoring in the reduction of the historical loyalty bonus at the outset of the COP phase-in (A-190), the real price of chicken in BC has increased less than this figure.

It is important to note that a full updated COP survey will be done in 2025.

The next update will follow after posting of the A-195 BC Live Price in April 2025, and will represent the end of the COP phase in. The A-195 Price will represent 100% of the efficiency adjusted COP.